

KRONENBERGER BURGOYNE, LLP

Karl S. Kronenberger (Bar No. 226112)

Jeffrey M. Rosenfeld (Bar No. 222187)

Deepa Krishnan (Bar No. 228664)

150 Post Street, Suite 520

San Francisco, CA 94108

Telephone: (415) 955-1155

Facsimile: (415) 955-1158

karl@kronenbergerlaw.com

jeff@kronenbergerlaw.com

deepa@kronenbergerlaw.com

Attorneys for Defendant MIKHAIL FIKS

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

LIMO HOSTING, INC., a Florida
corporation, **OLEG GRIDNEV**, an
individual,

Plaintiffs,
v.

MIKHAIL FIKS (aka "**Mike Fiks**") d/b/a
"**FIXEDSITES.COM**", an individual, and
DOES 1-10.

Defendant.

CASE NO. 3:08-cv-02474-SC

**DEFENDANT FIKS'S REPLY IN
SUPPORT OF MOTION TO DISMISS
COMPLAINT UNDER 12(B)(6)**

Date: July 11, 2008

Time: 10:00 AM

Ctrm: 1, 17th Floor

MEMORANDUM OF POINTS AND AUTHORITIES**I.****INTRODUCTION**

Plaintiffs' Complaint is based on a material falsehood: that their purported trademark is on the Principal Register. In its Opposition to Defendant's Motion to Dismiss (the "Opposition"), Plaintiff does not deny that the trademark is actually on the Supplemental Register. Indeed, Plaintiff remarkably does not even apologize for misleading the Court, nor does it withdraw or amend its Complaint. Instead, Plaintiff continues to pursue an action which, even employing the most deferential of standards, does not withstand scrutiny as it is based entirely on unsupported legal conclusions. For the reasons set forth in Defendant's Motion, along with the reasons set forth below, the Court should dismiss Plaintiffs' Complaint with prejudice. .

II.**ARGUMENT**

A. Plaintiffs' Complaint Does Not Allege Secondary Meaning, Use in Commerce, or Customer Confusion, and Thus Claims One Through Five Fail.

Claims One through Five of the Complaint require Plaintiffs to allege three common facts: (1) that the mark ("LIMO HOSTING" or the "Mark") has acquired secondary meaning, (2) that Defendant used the Mark in commerce, and (3) that Defendant's use resulted in customer confusion. See *Applied Information Sciences Corp. v. Ebay, Inc.* 511 F. 3d 966, 969 (9th Cir. 2007); *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F. 3d 1252, 1258 (9th Cir. 2001); *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F. 2d 1001, 1021 (9th Cir. 1985). Without these three allegations, Claims One through Five, *i.e.* all of Plaintiffs' variants on trademark infringement and trade dress infringement, must fail.

In their Complaint, Plaintiffs allege none of the above facts. With regard to secondary meaning, Plaintiffs base their supposed exclusive rights in the Mark solely on its registration on the Principal Register. (Complaint ¶133.) As Plaintiffs now admit, this

1 statement is false. As Defendant pointed out in his Motion to Dismiss, the Mark is on the
 2 Supplemental Register, and is not entitled to any presumption of secondary meaning.
 3 Having been caught in a lie, Plaintiffs now change their tune, and state in their
 4 Opposition: "While supplemental registration does not constitute *prima facie* evidence
 5 that the mark will receive protection as a valid trademark, it is not an admission against
 6 interest . . ." (Opposition, at 4.). While perhaps interesting commentary, the Complaint
 7 still contains no allegations that the Mark has acquired secondary meaning, nor could it,
 8 given the obvious generic nature of the Mark.

9 Plaintiffs' Complaint is also devoid of any allegation that Defendant used the Mark
 10 or supposed trade dress in commerce. In response, Plaintiffs repeatedly cite to
 11 Paragraph 15 of their Complaint. However, this paragraph says nothing about the
 12 Defendant's use of Plaintiffs' purported trademark, let alone use of the Mark in
 13 commerce. It is unclear to Defendant what Plaintiffs mean by the "home page
 14 presentation" mentioned in Paragraph 15. It is equally unclear who, if anybody, could
 15 view the Mark, if and when Defendant supposedly used it. What is clear, however, is
 16 that the Complaint does not explain "use in commerce" in sufficient detail.

17 Plaintiffs' argument regarding customer confusion also suffers from fatal defects.
 18 In their Opposition, Plaintiffs rely heavily on Paragraph 17 of the Complaint, which simply
 19 states: "One of Plaintiffs' clients contacted Plaintiff to advertise and Plaintiff reviewed the
 20 website, thereby discovering that Defendants had been creating confusion in the
 21 marketplace." (Complaint ¶17.) This allegation does not allege customer confusion.
 22 Nonetheless, Plaintiffs cite to this allegation repeatedly in their Opposition, arguing:
 23 "Plaintiffs' customers recognized that Defendant was not the actual source of the
 24 materials at www.limohosting.com and called to inform Plaintiffs of the confusion, thereby
 25 recognizing that Plaintiffs' mark was associated with unique services," (Opposition, at 4-
 26 5) and "[o]ne of Plaintiffs' customers actually realized that someone had copied Plaintiffs'
 27 web site and informed Plaintiffs." (Opposition, at 7-8.) Despite Plaintiffs' arguments,
 28 Paragraph 17 says nothing of the sort. The only thing Paragraph 17 alleges is that some

1 customer phoned Plaintiffs, and Plaintiffs themselves were confused when they reviewed
2 a website.

3 Because Plaintiffs have pled no facts suggesting that the Mark acquired
4 secondary meaning in the *marketplace*, or that Defendant even used the Mark in
5 commerce, or that Defendant's alleged use confused anyone besides Plaintiffs, Claims
6 One through Five cannot survive basic scrutiny.

7 **B. The Complaint Does Not Properly Allege Trade Libel.**

8 Plaintiffs and Defendant agree that that trade libel concerns "injurious falsehoods"
9 directed at "goods a plaintiff sells." (Opposition, at 8.) Plaintiffs and Defendant also
10 agree that trade libel has nothing to do with plaintiff's personal reputation. (*Id.*) Yet
11 Plaintiffs now attempt to justify their Sixth Claim for Trade Libel based solely on a single
12 statement of opinion, made by a non-party, regarding personal reputation. (Complaint
13 ¶23.) In their Opposition, Plaintiffs misquote their own allegation (Opposition, at 8
14 *discussing* Complaint ¶23), in an attempt to attribute to Defendants statements of opinion
15 made by third parties about personal reputation, *i.e.* whether Plaintiffs "rip consumer off."
16 This is not trade libel. Accordingly, the Sixth Claim fails.

17 **C. Plaintiffs Do Not Deny that the Interference Causes of Action Fail to Identify**
18 **Specific Contractual Relationships.**

19 In order to maintain a cause of action for interference with contract, a plaintiff must
20 plead, among other things, the existence of "a valid contract between plaintiff and a third
21 party." *Pacific Gas and Elec. Co. v. Bear Sterns & Co.*, 50 Cal. 3d 1118, 1126 (1990).
22 To plead interference with prospective economic advantage, a plaintiff must allege,
23 among other things, "an economic relationship between the plaintiff and some third party,
24 with the probability of future economic benefit to the plaintiff." *Id.* at 1126. Plaintiffs
25 cannot deny the above. Instead, they claim that "[s]pecific customers and specific
26 contracts are facts properly left for discovery." (Opposition, at 9.) Plaintiffs are wrong.

27 Speaking in generalities regarding "multiple third persons, containing the
28 probability of future economic benefits" (Complaint ¶97) does not suffice to state

interference causes of action. See *Tele Atlas N.V. v. Navteq Corp.*, 397 F. Supp. 2d 1184, 1194 (N.D. Cal. 2005) (“Because [Plaintiffs] fail to identify the ‘third parties’ with which [they] had ‘economic relationships,’ the court dismisses this claim.”). While certain details may certainly be left for discovery, the identity of at least one valid contract and one economic relationship allegedly disrupted, is part and parcel of the claims Plaintiffs seek to bring. Accordingly, the Seventh and Eighth Causes of Action must be dismissed.

Plaintiffs, perhaps recognizing the weaknesses in their current pleading, now claim that “even if no cause of action lies against the Defendant, Defendant’s conduct in the marketplace was a violation of Section 17200 sufficient to state an independent cause of action.” (Opposition, at 12). However, as pled in the Complaint, the Ninth Cause of Action is entirely derivative of Plaintiffs’ claims for trademark infringement and trade libel. (Complaint ¶¶106-11.) There is no room for Plaintiffs to now argue, outside the pleadings, that unspecified and unpled allegations form the basis of their Section 17200 claim. In other words, because Plaintiffs’ other claims do not survive facial scrutiny, neither does its Section 17200 claim. Accordingly, Plaintiffs’ Ninth Cause of Action should be dismissed with prejudice.

CONCLUSION